



Legislation Text

File #: 21-0650, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 3, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending December 31, 2020.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending December 31, 2020.

RECOMMENDATION: That City Council receive the Monthly Financial Report.

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

REVENUES

As of December 31, 2020, General Fund revenues totaled \$369.8 million, a decrease of \$6.4 million or 1.7% less than the revenues collected at the same time in FY 2020. Through the first six months, approximately 48.6 percent of budgeted revenues have been collected.

At this time in FY 2021, the City's total revenue collection is not noticeably different than what was projected for the first six months of this fiscal year. Revenues with considerable declines are being somewhat offset with additional revenues in other categories. The forthcoming FY 2022 Operating Budget will include a comprehensive forecast of the FY 2021 General Fund Revenues that will be incorporated into subsequent Monthly Financial Reports.

Personal Property tax revenues are showing a significant decline compared to FY 2020. Staff has not utilized the third-party collection firm to pursue delinquent taxes in light of the stark economic situation for many households. As approved by Council, the due date was delayed from October 5 to December 15 this year, so time is also impacting collections. Notices will be mailed in the coming weeks alerting individuals about their delinquent status and encouraging them to reach out to the Finance Department to arrange a payment plan if

needed. It is also important to note that the total levy, or taxes billed) in FY 2021 (tax year 2020) is 4.6 percent lower than last year's levy. As noted at the City Council Retreat, this is due to COVID-19 causing lower new car purchases by consumers which means fewer new cars added to the City's tax rolls in Calendar Year 2020.

The development and possible revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be longer than earlier projected, and revenues will be less than currently budgeted. At this time staff does not anticipate any significant changes in the rate of collection or payment in any of the City's revenue categories.

Sales tax revenue is consistent with receipts from December 2020. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 19.2 percent lower and Transient Lodging tax is 70.2 percent lower than this period last year. Even though restaurant and hotel sales are down substantially, the local 1% sales tax (which also applies to restaurant and hotel sales) is only down slightly because of the surge in internet based sales. Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals. Attachment three provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending. In aggregate, the impact on the City's revenue since February is a loss of revenue of \$15.3 million. The most significant decline is in Transient Lodging tax revenue, which is down 70 percent since February or a loss of \$7.6 million in the past nine months. Losses in Meals Sales Tax revenue are proportionally less than Transient Lodging, with a 36.5 percent decline; this equates to \$7.8 million in lost revenue.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest rates on City cash being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated, and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. (Attachment 4 provides the quarterly investment report.) Permits and Licenses are over \$2 million more than receipts in December 2019 due to the collection of past due invoices for Temporary Parking permits by a utility company. Recordation tax revenues have increased 22% due to residential sales and refinancing as well as the sale of the Southern Towers portfolio.

EXPENDITURES

As of December 31, 2020, General Fund expenditures totaled \$342.9 million, a decrease of \$11.8 million or 3.3 percent compared to the same time period for FY 2020. Expenditures for most City departments is consistent with spending over the same period last fiscal year. Transit subsidies are less than budgeted due to WMATA's use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. Some departments that are not showing a year over year savings receive their funds on a quarterly basis (Health Department, Alexandria Economic Development Partnership). With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred are expected to be reimbursed to the City by State and other grants.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues

Attachment 2: Comparative Statement of General Fund Expenditures

Attachment 3: Comparison of Consumer Spending Categories

Attachment 4: Quarter 2 Investment Report

STAFF:

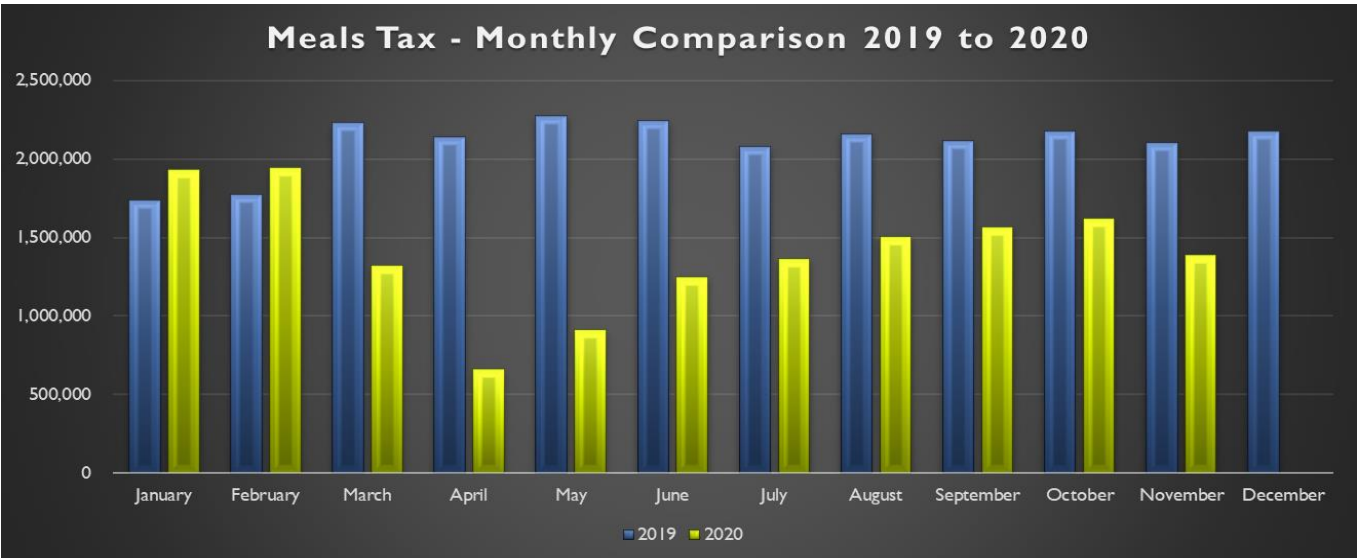
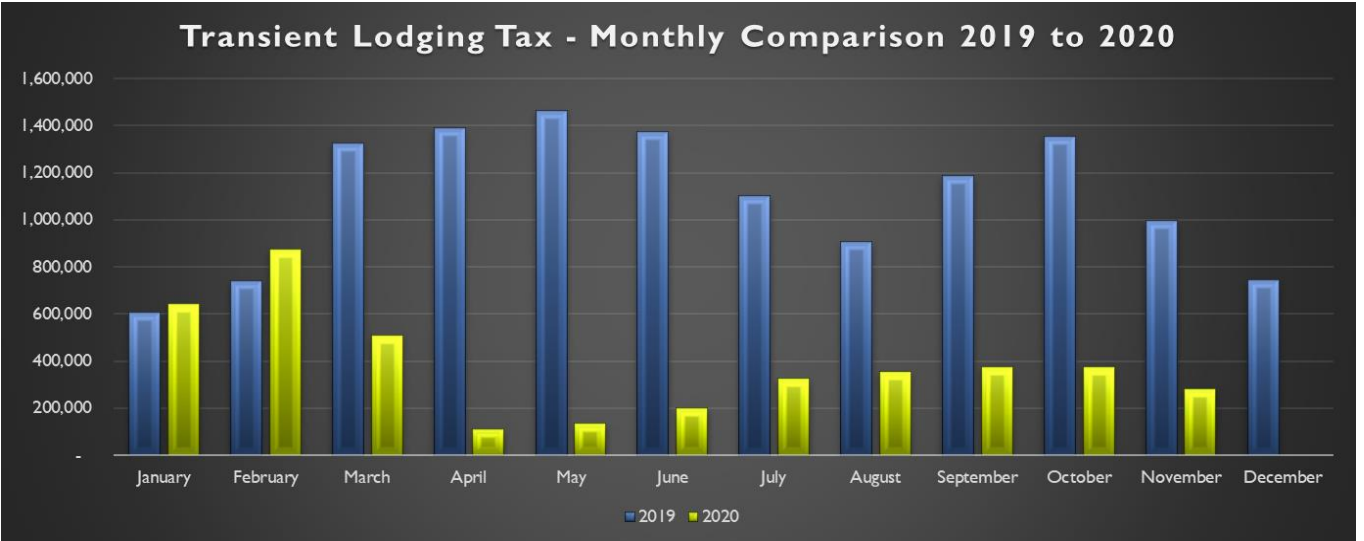
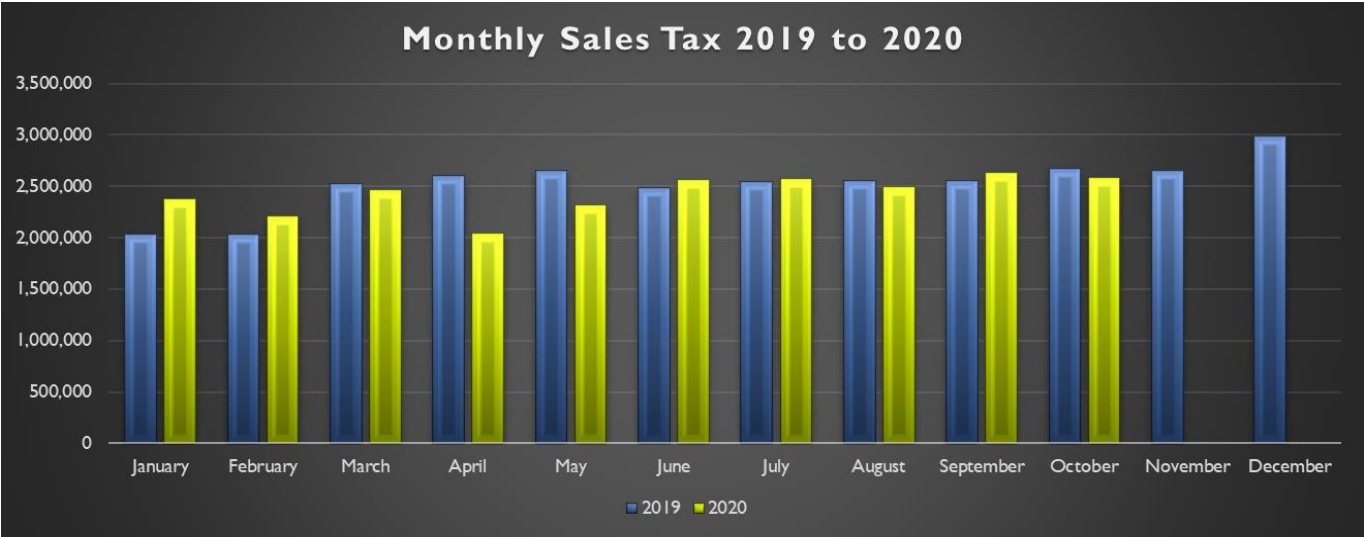
Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget

Mayuri Middough, Division Chief of Administration

	Cumulative Impact on Consumer Spending				
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Oct	Sales	\$22,627,467	\$21,900,025	(\$727,442)	-3.2%
Feb-Nov	Meals Sales	\$21,307,039	\$13,552,374	(\$7,754,665)	-36.4%
Feb-Nov	Transient Lodging	\$10,851,550	\$3,270,003	(\$7,581,547)	-69.9%
Feb-Nov	Admissions	\$444,814	\$74,822	(\$369,992)	-83.2%
Feb-Nov	Recordation	\$5,057,590	\$6,165,142	\$1,107,552	21.9%
	Cumulative	\$60,288,460	\$44,962,366	(\$15,326,094)	-25.4%
	Year over Year Comparison				
	Tax Revenue	CY2019	CY2020	Change	% Change
October	Sales	\$2,671,320	\$2,585,754	(\$85,566)	-3.2%
November	Meals Sales	\$2,101,300	\$1,392,936	(\$708,364)	-33.7%
November	Transient Lodging	\$997,482	\$284,824	(\$712,658)	-71.4%
November	Admissions	\$55,458	\$6,530	(\$48,928)	-88.2%
November	Recordation	\$670,451	\$567,392	(\$103,059)	-15.4%
	Comparison to Average Collection				
	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
October	Sales	\$2,671,320	\$2,585,754	\$2,398,919	\$2,425,927
November	Meals Sales	\$2,101,300	\$1,392,936	\$2,048,329	\$1,683,132
November	Transient Lodging	\$997,482	\$284,824	\$1,071,347	\$902,057
November	Admissions	\$55,458	\$6,530	\$52,372	\$59,597
November	Recordation	\$670,451	\$567,392	\$493,073	\$470,496



CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES

GENERAL FUND

FOR THE PERIODS ENDING DECEMBER 31, 2020 AND DECEMBER 31, 2019

	B	C	D=C/B	E	F	G=F/E
	FY 2021	FY2021		FY 2020	FY2020	
	APPROVED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	THRU 12/31/2020	OF BUDGET	BUDGET	THRU 12/31/2019	OF TOTAL
General Property Taxes						
Real Property Taxes.....	\$ 477,554,000	\$ 233,641,410	48.9%	\$ 462,848,143	\$ 223,318,697	48.2%
Personal Property Taxes.....	55,213,000	47,105,400	85.3%	56,926,910	51,595,524	90.6%
Penalties and Interest.....	2,808,000	753,150	26.8%	2,708,000	1,143,307	42.2%
Total General Property Taxes	\$ 535,575,000	\$ 281,499,960	52.6%	\$ 522,483,053	\$ 276,057,528	52.8%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 26,194,000	\$ 10,302,942	39.3%	\$ 28,800,000	\$ 10,324,161	35.8%
Consumer Utility Taxes.....	12,700,000	4,417,134	34.8%	12,000,000	4,439,227	37.0%
Communication Sales and Use Taxes.....	8,275,000	3,495,172	42.2%	9,200,000	3,016,488	32.8%
Business License Taxes.....	22,000,000	1,536,031	7.0%	34,378,000	811,132	2.4%
Transient Lodging Taxes.....	10,833,000	1,763,445	16.3%	12,800,000	5,920,244	46.3%
Restaurant Meals Tax.....	20,500,000	8,721,101	42.5%	24,231,000	10,787,032	44.5%
Tobacco Taxes.....	2,600,000	930,392	35.8%	2,600,000	1,026,348	39.5%
Real Estate Recordation.....	5,900,000	4,294,160	72.8%	6,000,000	3,084,124	51.4%
Admissions Tax.....	500,000	30,909	6.2%	670,000	272,321	40.6%
Other Local Taxes.....	5,109,090	361,695	7.1%	4,809,090	211,932	4.4%
Total Other Local Taxes	\$ 114,611,090	\$ 35,852,982	31.3%	\$ 135,488,090	\$ 39,893,009	29.4%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 11,109,303	\$ 3,643,007	32.8%	\$ 10,397,000	\$ 3,324,679	32.0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	23,578,531	22,399,604	95.0%
Revenue from the Commonwealth.....	23,547,855	10,877,588	46.2%	23,621,515	11,376,790	48.2%
Total Intergovernmental Revenues	\$ 58,235,689	\$ 36,920,199	63.4%	\$ 57,597,046	\$ 37,101,073	64.4%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 3,502,615	\$ 1,536,172	43.9%	4,930,450	\$ 2,194,596	44.5%
Licenses and Permits.....	2,339,631	2,785,077	119.0%	2,615,350	676,300	25.9%
Charges for City Services.....	14,308,344	4,095,208	28.6%	15,790,462	10,255,599	64.9%
Revenue from Use of Money & Prop.....	5,498,250	2,083,932	37.9%	11,406,650	4,798,112	42.1%
Other Revenue.....	2,019,966	615,736	30.5%	2,591,285	918,169	35.4%
Transfer from Other Funds.....	9,246,427	4,416,124	47.8%	9,291,882	4,283,941	46.1%
Total Other Governmental Revenues	\$ 36,915,233	\$ 15,532,248	42.1%	\$ 46,626,079	\$ 23,126,717	49.6%
TOTAL REVENUE	\$ 745,337,012	\$ 369,805,388	49.6%	\$ 762,194,268	\$ 376,178,327	49.4%
Appropriated Fund Balance						
General Fund.....	\$ 10,934,086	\$ -	\$ -	\$ 8,677,631	\$ -	-
Cash Capital						
Encumbrances And Other		-	-	-	-	-
Supplemental Appropriations....	4,435,709	-	-	4,325,747	-	-
TOTAL	\$ 760,706,807	\$ 369,805,388	48.6%	\$ 775,197,646	\$ 376,178,327	48.5%

50% of Fiscal Year Completed
48.67% of Payrolls Processed

Attachment 2

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2020 AND DECEMBER 31, 2019**

	B	C	D=C/B	E	F	G=F/E
	FY 2021 AMENDED BUDGET	FY2021 EXPENDITURES THRU 12/31/2020	% OF BUDGET EXPENDED	FY 2020 APPROVED BUDGET	FY2020 EXPENDITURES THRU 12/31/2019	% OF BUDGET EXPENDED
FUNCTION						
Legislative & Executive.....	\$ 3,577,587	\$ 1,646,668	46.0%	\$ 3,495,083	\$ 1,499,340	42.9%
Judicial Administration.....	\$ 45,700,822	\$ 21,093,077	46.2%	\$ 46,128,210	\$ 20,746,136	45.0%
Staff Agencies						
Communications.....	\$ 1,567,258	\$ 626,918	40.0%	\$ 1,544,299	\$ 610,501	39.5%
Human Rights.....	939,907	455,757	48.5%	905,803	427,979	47.2%
Information Technology Services.....	13,118,675	6,748,848	51.4%	12,124,016	6,473,858	53.4%
Management & Budget.....	1,274,629	582,818	45.7%	1,314,191	624,913	47.6%
Finance.....	12,853,748	5,512,174	42.9%	13,636,052	5,470,065	40.1%
Performance and Accountability.....	509,772	276,248	54.2%	535,512	286,098	53.4%
Internal Audit.....	412,464	169,290	41.0%	442,003	97,933	22.2%
Human Resources.....	4,158,277	1,892,981	45.5%	4,840,243	1,906,796	39.4%
Planning & Zoning.....	5,937,014	2,734,165	46.1%	6,340,054	2,599,892	41.0%
Economic Development Activities.....	7,123,390	3,547,872	49.8%	7,131,946	3,237,862	45.4%
City Attorney.....	3,751,516	1,500,156	40.0%	3,882,669	1,960,224	50.5%
Registrar.....	1,468,351	962,819	65.6%	1,335,337	569,403	42.6%
Organizational Excellence	169,548	65,822	38.8%	-	-	-
General Services.....	11,531,122	4,244,167	36.8%	12,255,359	5,004,565	40.8%
Total Staff Agencies	\$ 64,815,671	\$ 29,320,034	45.2%	\$ 66,287,484	\$ 29,270,089	44.2%
Operating Agencies						
Transportation & Environmental Services.....	\$ 24,052,588	\$ 9,538,269	39.7%	\$ 24,190,958	\$ 10,037,108	41.5%
Project Implementation.....	-	25	0.0%	-	-	-
Fire.....	52,442,480	23,717,530	45.2%	55,307,639	24,239,416	43.8%
Police.....	62,515,668	28,180,221	45.1%	67,140,759	29,979,501	44.7%
Emergency Communications.....	8,743,235	4,064,793	46.5%	8,498,881	3,690,128	43.4%
Code.....	24,000	2,245	9.4%	33,060	2,975	9.0%
Transit Subsidies.....	18,138,079	519,173	2.9%	21,760,499	10,819,763	49.7%
Housing.....	1,807,163	948,122	52.5%	1,910,181	832,984	43.6%
Community and Human Services.....	13,850,323	6,167,957	44.5%	14,574,628	6,862,084	47.1%
Health.....	9,130,362	4,260,087	46.7%	8,377,647	4,140,108	49.4%
Historic Resources.....	3,566,620	1,702,616	47.7%	3,601,620	1,507,113	41.8%
Recreation.....	23,240,943	9,735,275	41.9%	24,038,483	11,092,056	46.1%
Total Operating Agencies	\$ 217,511,461	\$ 88,836,312	40.8%	\$ 229,434,355	\$ 103,203,236	45.0%
Education						
Schools.....	\$ 234,037,296	\$ 117,018,648	50.0%	\$ 231,669,496	\$ 115,834,748	50.0%
Other Educational Activities.....	16,009	8,005	50.0%	16,128	8,064	50.0%
Total Education	\$ 234,053,305	\$ 117,026,653	50.0%	\$ 231,685,624	\$ 115,842,812	50.0%
Capital, Debt Service and Miscellaneous						
Debt Service - City.....	\$ 37,288,071	\$ 23,376,369	62.7%	\$ 35,530,695	\$ 19,835,793	55.8%
Debt Service - Schools.....	\$ 28,578,698	\$ 17,720,092	62.0%	\$ 28,112,251	\$ 15,075,740	53.6%
Expenses on Refunding Bonds.....	-	-	-	-	-	-
Non-Departmental.....	\$ 9,692,339	6,505,087	67.1%	9,795,526	6,535,337	66.7%
General Cash Capital.....	\$ 27,338,144	12,795,520	46.8%	43,180,142	21,590,071	50.0%
Contingent Reserves.....	4,268,703	-	0.0%	799,170	-	-
Total Capital, Debt Service and Miscellaneous	\$ 107,165,955	\$ 60,397,068	56.4%	\$ 117,417,784	\$ 63,036,941	53.7%
TOTAL EXPENDITURES	\$ 672,824,801	\$ 318,319,811	47.3%	\$ 694,448,540	\$ 333,598,554	48.0%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)...	\$ 55,736,960	\$ 7,406,547	13.3%	\$ 52,973,299	\$ 6,262,292	11.8%
Transfer to Housing.....	4,717,217	2,358,609	50.0%	5,367,775	2,697,288	50.2%
Transfer to Library.....	7,176,355	112,160	1.6%	7,115,754	131,192	1.8%
Transfer to DASH.....	20,251,474	14,728,226	72.7%	15,292,278	12,069,392	78.9%
TOTAL EXPENDITURES & TRANSFERS	\$ 760,706,807	\$ 342,925,353	45.1%	\$ 775,197,646	\$ 354,758,716	45.8%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 227,890,883	\$ 106,099,038	46.6%	\$ 234,171,215	\$ 101,790,926	43.5%
Non Personnel (includes all school funds)	532,815,924	236,826,315	44.4%	541,026,431	252,967,790	46.8%
Total Expenditures	\$ 760,706,807	\$ 342,925,353	45.1%	\$ 775,197,646	\$ 354,758,716	45.8%

**City of Alexandria
Investment Report**
As of December 31, 2020

Investment Policy

Objective and Strategy

Safety of Principle – investments will be made in a manner that seeks to ensure the preservation of capital

Preservation of capital

Liquidity – the investments will remain sufficiently liquid to meet all operating requirements that are reasonably anticipated

Requirements that are reasonably anticipated

Yield – attain a market rate of return (consistent with the 2-year Treasury maturity). This is secondary to safety and liquidity.

Investment Committee

Responsibilities for the City's investment management decisions and activities rest with:

- Director of Finance – Kendel Taylor
- Assistant Director of Finance/Revenue – Kevin Greenlief
- Assistant Director of Finance/Treasury – David Clark

Authorized Investments

- Obligations of the Commonwealth of Virginia, the United States or Virginia Municipalities
- Prime Quality Commercial Paper with maturities of 270 days or less
- Certificates of Deposits (CDARS)
- Insured Cash Sweeps (ICS)
- Virginia Local Government Investment Pool (LGIP)
- Virginia Investment Pool (VIP)

Diversification Strategy

Security Type	Maximum % of the Total Funds Available for Investment
Obligations of Virginia	40%
Obligations of the US	75%
Obligations of Virginia Municipalities	40%
Prime Quality Commercial Paper	25%
Commercial Paper of any one Issuing Corporation	5%
CDARs	75%
ICS	40%
LGIP	75%
VIP	75%

Portfolio as of December 31, 2021

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$397.5	84.8%
Virginia Investment Pool (VIP) 1 – 3 Year	22.7	4.9%
US Agency/Treasury Bonds	20.0	4.2%
CDARS	17.1	3.7%
Virginia Investment Pool (VIP) Liquidity	11.2	2.3%
Money Market/Sweep	0.5	0.1%
Total	\$315.2	100.0%

Return on Investment 2Q – FY 2021

Security Type	Balance (millions)	Yield (Weighted Average)
Local Government Investment Pool (LGIP)	\$397.5	0.13%
Virginia Investment Pool (VIP) 1 – 3 Year	22.7	1.17%
US Agency/Treasury Bonds	20.0	0.28%
CDARS	17.1	1.03%
Virginia Investment Pool (VIP) Liquidity	11.2	0.14%
Money Market/Sweep	0.5	0.0%
Total	\$315.2	0.22%